

JACK O'CONNELL

State Superintendent of Public Instruction

Phone: (916) 319-0800

Fax: (916) 319-0100

September 5, 2003

Dear County Superintendents, Auditors, and Treasurers:

RECERTIFICATION OF THE 2003-2004 ADVANCE APPORTIONMENT

The 2003-2004 Advance Apportionment has been recertified due to the enactment of the 2003 Budget Act (Chapter 157, Statutes of 2003). The recertified Advance Apportionment total is \$19,744,743,375.

As provided in *Education Code* Section 41330, the 2003-2004 recertified Advance Apportionment is based on the 2002-2003 Second Principal Apportionment state aid. Adjustments authorized in statute were then applied to the state aid.

Because the recertification of the Advance Apportionment is developed using past year state aid amounts and estimated 2003-2004 growth rates, local educational agencies (LEAs) will be apportioned in the months August through January either more or less than their final actual entitlement would have provided for that same period. The difference will be resolved through updates at the subsequent 2003-2004 First, Second, and Annual Apportionments. LEAs should budget accordingly.

Enclosed are the calculations for the recertification of the Advance Apportionment. For your convenience, a copy of this letter, the schedule of controller's warrants, and apportionment exhibits are available on our Web site at <www.cde.ca.gov/fiscal/> under the Principal Apportionments heading. The Web site also contains a list of staff to assist you if you have questions regarding the apportionment.

Note to county superintendents: Please advise districts and charter schools of this apportionment as soon as possible by providing them a copy of this letter.

If you have any questions, please contact the Principal Apportionment Office at (916) 324-4541.

Sincerely,



JACK O'CONNELL

JO:cc
Enclosure

Calculation of the 2003-2004 Advance Apportionment

The Advance Apportionment for 2003-2004 is based on a statutory derivation pursuant to *Education Code* sections 14002 through 14007 and 41301. The following provides specific details regarding the calculation of funding for each program.

Supplemental Instruction

Core Supplemental Instruction. Assembly Bill (AB) 1754 (Chapter 227, Statutes of 2003) reduced the funding cap for the core supplemental instruction program from seven (7) to five (5) percent. As a result, the number of Second Principal Apportionment (P-2) funded hours for local education agencies was recalculated by multiplying five percent of October 2001 CBEDS K-12 enrollment by 120 hours.

Low STAR and At-Risk of Retention (Grades 2-6). The number of P-2 funded hours was combined for grades 2 through 6 pupils identified as having a deficiency in mathematics, reading, or written expression based on STAR scores or identified as at risk of retention pursuant to *Education Code* Section 48070.5 and were recalculated by multiplying 120 hours by six (6) percent of the October 2001 CBEDS grades 2-6 enrollment. Due to insufficient funding appropriated for the program in the 2003 Budget Act (Chapter 157, Statutes of 2003), a deficit factor of 0.45247340 was applied to the total funding for both programs.

Elementary School (K-4) Intensive Reading. There was no funding provided in the 2003 Budget Act for this program.

Intensive Algebra Instruction. There was no funding provided in the 2003 Budget Act for this program.

School District Revenue Limits

The state aid portion of the revenue limit for each district was calculated using the most current estimate of state aid from the California Department of Finance (DOF). To tie to that number, the P-2 total amount for each district was adjusted as follows:

1. The state aid calculated at P-2 was used prior to the amounts added for supplemental instruction (core and remedial), pupil promotion and retention, low STAR and at risk of retention supplemental instruction, apprentice, and community day school.
2. The P-2 state aid amount for each district was increased for funding to mitigate the Public Employees' Retirement System (PERS) reduction, and for estimated increases to the PERS contribution rate and unemployment insurance expenditures.
3. AB 1754 authorizes a 1.198 percent deficit factor to school district revenue limits. As a result, a factor of 0.94270795 was applied to the adjusted P-2 state aid amount for each district. This factor also includes DOF's estimated increase to projected local revenues.
4. The P-2 amounts for remedial supplemental instruction, pupil promotion and retention, apprentice education, and community day school were added to the state aid portion of the revenue limit determined per step 3 above. The adjusted P-2 amounts for core supplemental instruction and low STAR and at risk of retention supplemental instruction were added to the adjusted state aid.

5. Pursuant to AB 1754, a cost-of-living increase was not included and increases to revenue limit apportionments for basic aid funding were eliminated.

County Offices of Education

The state aid portion of the revenue limit for each county office of education (COE) was also calculated using the most current estimates from the California Department of Finance. To tie to that number, the 2002-2003 P-2 state aid for each COE was adjusted as follows:

1. The P-2 state aid portion of the revenue limit calculated for each county was reduced by the amounts received for special education, county community school, and NPS/LCI flow-through, apprentices, supplemental instruction, adult education, specialized secondary schools, and community day school.
2. A factor of 1.1676660044 was applied to the remaining P-2 state aid amount. This factor includes increases for funding to mitigate the PERS reduction, and for estimated increases to the PERS contribution rate and unemployment insurance expenditures. The factor also includes a 1.195 percent deficit factor to county office of education revenue limits (as authorized by AB 1754) and DOF's estimated increase to projected local revenues.
3. The P-2 amounts for special education, county community school, and NPS/LCI flow-through were added to the state aid portion of the revenue limit per step 2 above.
4. The P-2 amounts for adult education and apprentice education were added to the state aid portion of the revenue limit per step 2 above.

Charter School Funding Model

The apportionment for charter schools funded through the charter school funding model was developed using the most current estimates from the California Department of Finance (DOF) and the 2002-2003 P-2 state aid as a base. The state aid portion of the advance apportionment for each charter school was calculated as follows:

1. Factors of 1.02999679 and 0.92396945 were applied to the P-2 state aid amount for each charter school.
2. The P-2 or adjusted P-2 amounts for supplemental instruction were added to the adjusted state aid amount. This is applicable only to those charters that were funded *directly* at P-2. Supplemental instruction funding is included in the advance apportionment of the authorizing district for each eligible charter school that was funded *locally* at P-2.
3. The advance apportionment includes the P-2 amount for categorical block grant funding which was based on P-2 ADA and disadvantaged pupil counts. Pursuant to *Education Code* Section 47634.5, DOF is authorized to compute the annual percentage change to the categorical block grant per-ADA rates. DOF will provide the final percentage change that will be incorporated at P-1.

The apportionment also includes funding adjustments to charter schools that had received overpayments of state aid for the 2002-2003 fiscal year due to changes in the block grant rates, ADA, local revenue, and adjustments to prior years.

The overpayment for the charter school is an amount owed back to the state and, as part of recouping this amount over the entire year, is reflected in the advance apportionment. This adjustment will continue in the charter school's subsequent apportionments until the state recovers the full amount owed. The overpaid amounts are separately displayed on the Exhibit C and Exhibit C-CH.

Special Education Allowances

The apportionment for the Special Education program was prepared using the 2002-2003 P-2 Apportionment as a base. The following factors were multiplied by the base to calculate the state aid portion of the Special Education Apportionment.

1. A factor of 0.978224351789 was used for the AB 602 Special Education Ages 3-21 Program. This factor reflects an increase to projected local revenues and Federal IDEA Part B funds.
2. A factor of 1.025 was used for the Special Education Infant Ages 0-2 Program.

Handicapped Pupils Attending ROC/Ps

The apportionment for Handicapped Pupils Attending ROC/Ps was developed using the 2002-2003 P-2 Apportionment for each district and county office as a base. The amount for each district and county was increased by a factor of 1.01697.

Gifted and Talented Education (GATE)

The GATE apportionment used the 2002-2003 P-2 Apportionment as a base and applied a factor of .823121415 to determine the final funding amounts for eligible school districts and county offices.

Adult Education Block Grant

The apportionment for the Adult Education Block Grant was developed using the 2002-2003 P-2 Apportionment amount for each district and county office.

Regional Occupational Centers and Programs (ROC/Ps)

The apportionment for ROC/Ps was developed using the 2002-2003 P-2 Apportionment amount for each district and county office.